

FISCAL NOTE

SB 6 - HB 17 SECOND EXTRAORDINARY SESSION

November 9, 1999

SUMMARY OF BILL: Authorizes a credit from the combined franchise and excise tax liability equal to the employer's share of a health insurance premium paid for an employee who is included as covered employee under employer's health care plan if the employee was previously covered by TennCare.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$8,467,000

Decrease State Expenditures – Exceeds \$1,000,000

Other Fiscal Impact – Decrease Federal Expenditures – Exceeds \$2,000,000

Assumes that:

- an estimated 8,100 TennCare recipients are terminated annually because they gain health insurance coverage from another source.
- employers will file for the credit for 75% of these employees at an estimated annual health insurance cost to the employer of \$1,176 (individual policy) and \$1,764 (family policy). Assumes that 40% have family policies and that 60% have individual policies.
- some employers will expand health insurance coverage because of the credit and the number of TennCare recipients with access to employer health insurance will increase. The amount of savings to TennCare cannot be determined but is estimated to be significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director